Mary L. Henze
Executive Director
Federal Regulatory

AT&T Services, Inc.
1120 20th Street, Suite 1000
Washington, D.C. 20036
Phone 202 457-2041
E-Mail: mary.henze@att.com

October 9, 2008

Electronic Submission

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; High-Cost Universal Service Support, WC Docket No. 05-337; Universal Service Contribution Mechanism, WC Docket No. 06-112; Intercarrier Compensation for ISP-Bound Traffic, WC Docket 99-68; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135

Dear Ms. Dortch:

On October 8, Robert Quinn, Hank Hultquist, Cathy Carpino, and the undersigned, all of AT&T, met with Nicholas Alexander of Commissioner McDowell's office. AT&T reviewed its comprehensive intercarrier compensation reform framework and presented the results of a model run using pricing assumptions that apply a unified $.0007 terminating rate by various carrier tracks. The attached presentation served as a basis for the discussion.

This letter is being filed pursuant to Section 1.1206 of the Commission's rules. If you have any questions, please contact me at (202)-457-2041.

Sincerely,

/s/ *Mary L. Henze*

cc: N. Alexander

at&t

Intercarrier Compensation Model Results

October 6, 2008

Model Assumptions

- National benchmark is compared to rate composite of:
  - Rate for basic local telephone service
  - Primary Residential SLCs (including state SLCs, if applicable)
  - Average per line state's high-cost universal service fund (if applicable)
- If rate composite is below the benchmark, carrier would begin to recover access shift through federal SLC increases until it reaches the lower of
  - the New Primary residential SLC cap (i.e. Current Cap of $6.50 plus any proposed increase to the cap)
  - the National Benchmark or
  - the total access shift
- If rate composite is above the benchmark or the three constraints have been met then the remaining access shift is recovered through recovery mechanism/USF

Model Pricing Assumptions

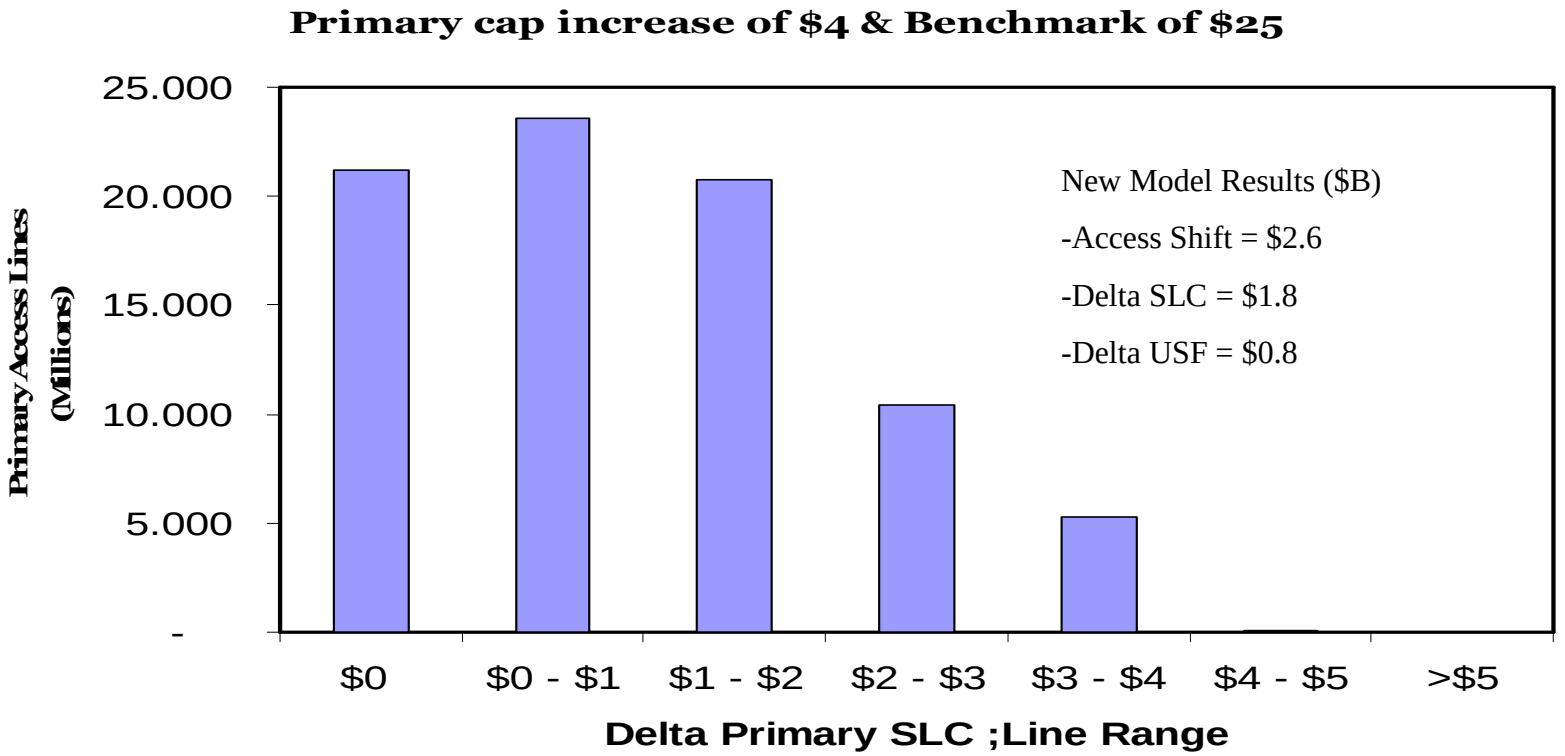
Carriers by Track and Unified Terminating Access

Carrier Tracks & Jurisdictions	ORIGINATING ACCESS				UNIFIED TERMINATING ACCESS			
	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport
TRACK 1								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of $0.0007 per minute*			Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							
TRACK 2								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of $0.0007 per minute		Priced @ Current Interstate Rate	Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							
TRACK 3								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of $0.0007 per minute		Priced @ Current Interstate Rate	Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							

* Plus Jointly Provided Access @ Interstate Tandem Switching & Common Transport Rate

Distribution of Primary Residential Lines by Actual SLC Increase

With $25 Benchmark, 81% of lines see SLC increase of $2 or less

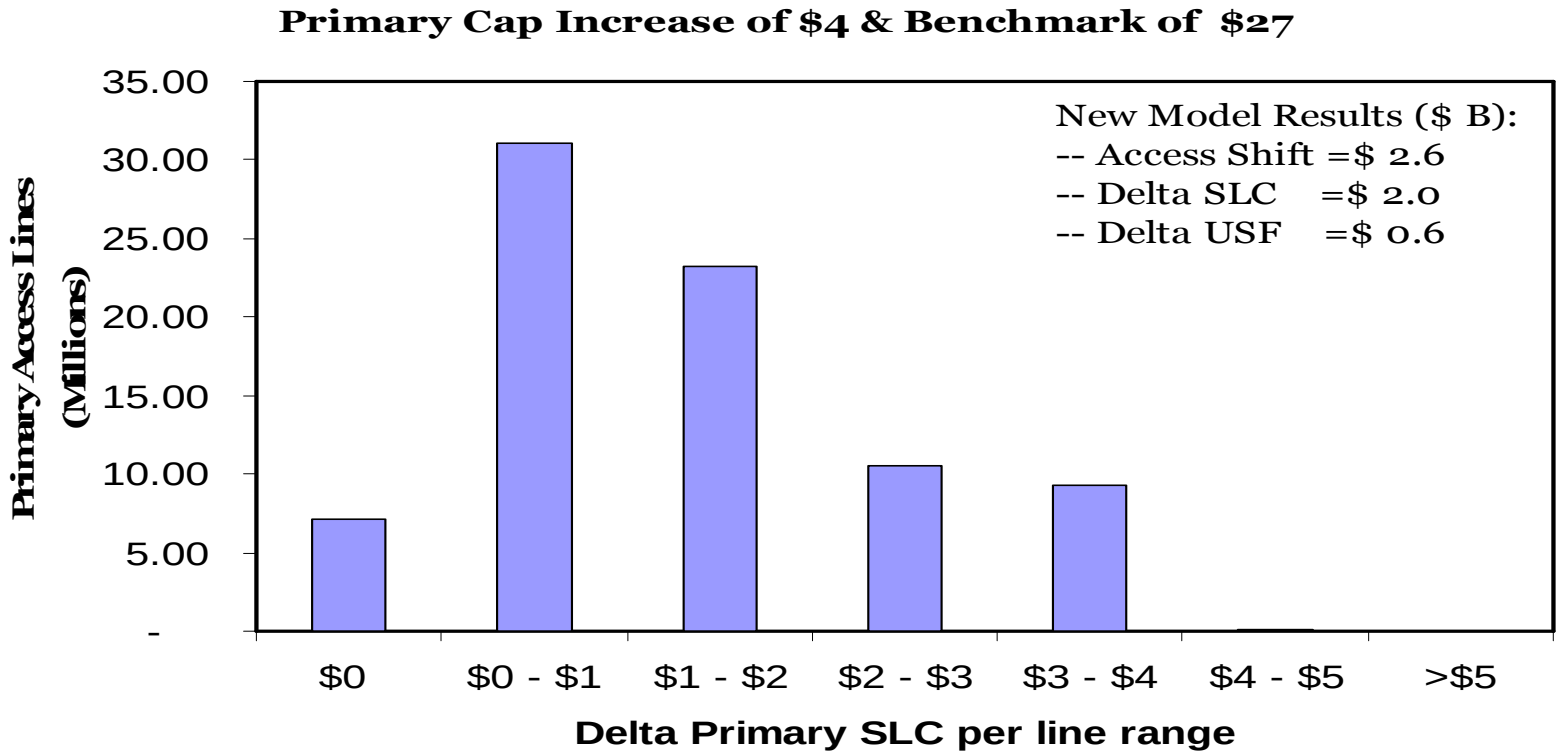


	SLC per line range							
	$0	$0 - $1	$1 - $2	$2 - $3	$3 - $4	$4 - $5	>$5	Total
Primary Lines in Millions	21.179	23.579	20.773	10.422	5.317	0.072	0.001	81
% of Total Lines	26.037%	28.987%	25.537%	12.812%	6.537%	0.088%	0.001%	100%
Delta Primary SLC per line#	$ -	$ 0.65	$ 1.42	$ 2.43	$ 3.75	$ 4.13	$ 7.11	$ 1.50
Number of study areas	281	180	87	222	666	1	1	1,438
% of study areas	20%	13%	6%	15%	46%	0%	0%	100%

- Delta SLC is an average; average for Total ($1.50) excludes lines with no SLC increase.

Distribution of Primary Residential Lines by Actual SLC Increase

With $27 Benchmark, 76% of lines see SLC increase of $2 or less



	Delta Primary SLC / Line Range							
	$0	$0 - $1	$1 - $2	$2 - $3	$3 - $4	$4 - $5	>$5	Total
Primary Lines in Millions	7.08	31.13	23.23	10.53	9.26	0.11	0.01	81
% of Total Lines	8.71%	38.27%	28.56%	12.94%	11.39%	0.13%	0.01%	100%
Delta Primary SLC per line#	$ -	$ 0.66	$ 1.39	$ 2.43	$ 3.73	$ 4.17	$ 6.11	$ 1.53
Number of study areas	187	78	89	208	872	2	2	1,438
% of study areas	13%	5%	6%	14%	61%	0%	0%	100%

- Delta SLC is an average; average for Total ($1.53) excludes lines with no SLC increase.

Comparison of Results from Different Model Runs (2007 Data)

Description	Access Shift ($B)	Delta SLC ($B)	Delta USF ($B)
$4 SLC Cap Change/$25 Benchmark: Terminating to Unified Target*	$ 2.6	$ 1.8	$ 0.8
$4 SLC Cap Change/$27 Benchmark: Terminating to Unified Target*	$ 2.6	$ 2.0	$ 0.6
$4 SLC Cap Change/$ 25 Benchmark: Terminating to Recip Comp Proxy ($0.0025/$0.010/$0.0150)	$ 2.3	$ 1.7	$0.6
$4 SLC Cap Change/$ 27 Benchmark: Terminating to Recip Comp Proxy ($0.0025/$0.0100/$0.0150)	$ 2.3	$ 1.9	$ 0.4

* Target varies by Track – See page 3 for details

at&t